

**Testimony of Tom Romeo
Director of Federal Services
IBM Global Business Services, Public Sector**

**Before the Subcommittee on Telecommunications and the Internet
U.S. House Energy & Commerce Committee**

Hearing on Status of the DTV Transition – 370 Days and Counting

February 13, 2008

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to testify before you again on the status of the DTV Transition. My name is Tom Romeo and I am Director of Federal Services for IBM's Global Business Services, Public Sector. I am here today to update you on the progress the IBM Team has made implementing the National Telecommunications and Information Administration (NTIA) TV Converter Box Coupon Program.

NTIA awarded IBM the contract to provide services for the TV Converter Box Coupon Program on August, 15, 2007. IBM and its business partners, Ketchum Public Affairs, Epiq Systems and Corporate Lodging Consultants are providing services in four areas:

- Consumer education
- Coupon distribution to consumers and redemption
- Support for retail store participation
- Financial processing to reimburse retailers, and to maintain records.

The Coupon Program, authorized by the Digital Television Transition and Public Safety Act of 2005, provides for distribution and redemption of coupons that consumers may apply toward the purchase of digital-to-analog converter boxes. Households using analog televisions will not be able to receive digital broadcasts after February 17, 2009, unless the analog television is connected to a converter box that switches the digital signal to an analog format, or the analog television is connected to cable or satellite service.

Between January 1, 2008 and March 31, 2009, all U.S. households may request up to two coupons, worth \$40 each to be used toward the purchase of up to two digital-to-analog converter boxes until the initial \$990 million allocated for the program has been exhausted. After this initial phase of the program, NTIA may request an additional \$510 million already authorized by Congress. During this “contingent period”, coupons will be available exclusively to households that rely on over-the-air broadcasting as their sole source of television programming.

Program Goals

With these parameters, IBM designed the NTIA TV Converter Box Coupon Program to be consumer-focused, easy to use, and provide maximum choice and access for both consumers and retailers. Ensuring high retailer participation and satisfaction are essential elements to the overall success of the program. Our goal continues to be to successfully communicate the details of the TV Converter Box Coupon Program to targeted consumers, distribute coupons, and complete the redemption process efficiently.

Program Launch

On January 1, 2008 the Consumer Support Center opened for business and began to take orders from consumers across the nation for their TV Converter Box Coupons.

Consumers were able to order coupons using any of the four available options. The toll-free phone number (1-888-DTV-2009) is operational 24x7 with live agents available to callers at all times. Operators can accommodate requests in more than 150 languages.

The toll-free phone option also provides a TTY solution for use by the hearing impaired community. Other options to apply for coupons include online at www.DTV2009.gov, by mail (P.O. Box 2000, Portland, OR 97208-2000), and via fax (1-888-DTV-4ME2).

To date, approximately 65% of the requests received have come in via the Internet, 35% via the telephone, and less than 1% for the mail and fax channels combined.

On January 1, 2008, over 249,670 applications came in from consumers in all 50 states for a total of 475,652 coupons requested. High demand continued through the first week of the program resulting in over 1,131,795 application requests for 2,144,632 coupons by week's end. While this initial volume was higher than expected, all systems continued to handle requests, and our team reacted quickly to pinpoint needed adjustments and implement solutions quickly. For example, the volume of Spanish-language callers to the Consumer Support Center exceeded our initial projections. We moved quickly on two fronts to accommodate this fact. First, we added additional Spanish-language agents to match the volume and minimize wait times for those needing assistance in Spanish during times of peak call volume. Second, we expedited implementation of an automated Interactive Voice Response (IVR) system for Spanish-language callers to assist in

handling the high volumes of Spanish-language requests in a timely manner. Our experience with the English-language IVR system shows that approximately 78% of calls are successfully completed within the IVR system. We expect similar results for the Spanish language IVR. The high percentage of calls which are fully handled within the IVR system speaks to the ease of applying for coupons over the phone.

As the Coupon Program moves into the next phase, we will continue to closely monitor all aspects of the system and make adjustments as needed in a timely fashion.

Coupon Distribution

As of February 12, 2008, 4,801,777 coupons have been requested via 2,767,519 applications from consumers across the country. We will begin mailing these coupons out to consumers the week of February 17, 2008 distributing them in the order in which they were received. This roll out plan also includes continuing to work closely with our retail partners to confirm a sufficient number of converter boxes available at retail outlets to meet consumer demand. If necessary, we will adjust the rate of coupon distribution to match as closely as possible projected retail inventory so consumers are able to purchase a converter box within the 90-day expiration period for the coupons.

Included in the coupon mailing to consumers is information about where they can purchase a coupon-eligible converter box in their local area, and what they need to do to use the coupon. Consumers can also search for participating retailers near their address using a "Retailers Near You" feature on the Coupon Program website (<https://www.dtv2009.gov/VendorSearch.aspx>).

Retailer Participation

In the 118 days since I last came before this Committee, I am pleased to report that we have made great progress in recruiting the voluntary participation of both large national retailers and smaller, local retailers. We project that when coupons are mailed starting the week of February 17, 2008, over 9,000 retail locations will be ready to fully participate in the program. This includes locations in all 50 states, Puerto Rico, and the U.S. Virgin Islands. These stores will have completed certification in the Coupon Program, indicated that their employees are trained, have converter box inventory in their stores, and have their point-of-sale systems prepared to redeem coupons.

Test Phase

In preparation for coupon distribution to consumers, we have completed the Open Operational Capabilities Demonstration (OCD) phase of the program. This pilot program, conducted during January and early February, allowed for testing of all components of the system and their integration – coupon ordering, distribution, redemption at a participating retailer, and reimbursement to the retailer. The pilot program provided valuable insight into how well our technical systems are performing and identified necessary adjustments. Based on the results from the pilot program, we have made some updates to the system and the process, including the use of “secret shoppers” to validate the readiness of individual retail stores, and revising language that appears on the coupon card to make for a consistent consumer experience.

Consumer Education

Although we are entering the operational phase of the Coupon Program, we remain focused on the driving force of Consumer Education. Our partner, Ketchum Public Affairs, continues to lead the consumer education effort focused on the five communities who most likely rely more heavily on over-the-air broadcasting than the general population: 1) senior and older Americans; 2) the economically disadvantaged; 3) rural residents; 4) people with disabilities; and 5) minorities. Focus groups, which included significant representation from these groups, were used to develop the branding and key messages for the Coupon Program. We continue to build and leverage a network of committed partners who already have access to many of the population segments we are targeting. A Partnership Toolkit was developed and includes DTV and Coupon Program background material, fact sheets, posters, sample public service announcements, and presentations. The materials can be co-branded for use by partners. Also included are specific strategies on how to reach the media to effectively deliver the Coupon Program message, and ideas and resources for informing consumers through community and in-store events. In addition, our work with the media to place stories about the Coupon Program is heavily focused not only on national media, but also the television markets that have the largest estimated number and percentage of over-the-air reliant households. We believe the strong demand for coupons indicates we are on the right track educating consumers about the Coupon Program.

Conclusion

The IBM Team is pleased to be part of implementing this vital program and recognizes that many challenges remain on the way to February 17, 2009. Our team continues to be ready to meet those challenges and work to ensure that consumers across the United States have continued access to free television broadcasting, including educational, entertainment, emergency and homeland-security information.

Thank you for the opportunity to testify today and I am happy to answer any questions.